

HB 318 H.D.1

RELATING TO GOVERNMENT BUILDINGS.

Exempts contracts for the naming rights of State buildings from the sealed bid process and the fifteen year limitation on concession contracts. (HB318 HD1)

DAVID Y. IGE
GOVERNOR

DOUGLAS MURDOCK
COMPTROLLER



CHARLES T. TOGUCHI
CHAIRMAN, STADIUM AUTHORITY

SCOTT L. CHAN
MANAGER

LOIS M. MANIN
DEPUTY MANAGER

An Agency of the State of Hawaii

TESTIMONY
OF
SCOTT L. CHAN, STADIUM MANAGER
STADIUM AUTHORITY
TO THE
SENATE COMMITTEE
ON
GOVERNMENT OPERATIONS
ON
March 19, 2015
H.B. 318, H.D. 1

RELATING TO GOVERNMENT BUILDINGS

Chair Luke, Vice Chair Nishimoto, and members of the Committee, thank you for the opportunity to testify on H.B. 318, H.D. 1.

The Stadium Authority (Authority) fully supports H.B. 318, H.D. 1 and the opportunity that it provides to capitalize on various advertising opportunities that avail themselves and the notable amount of compensation that is associated as a result.

The Authority is a special funded agency that is administratively attached to the Department of Accounting and General Services. As a self-sufficient operation, the Authority relies solely on revenues generated through various business opportunities to address its recurring operating expenses. H.B. 318, H.D. 1 provides greater flexibility for the Authority to pursue advertising sponsorships and naming rights opportunities by providing the Authority with the ability to engage in direct negotiation with a party, in turn maximizing value and benefit to its operation.

It is our understanding that advertising sponsorships and naming rights opportunities are mechanisms that offer high exposure and branding opportunities for corporations while providing significant revenue opportunity for stadiums around the world. Corporations are prepared to pay large sums for this branding opportunity.

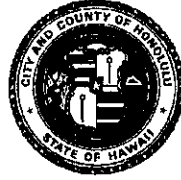
Your consideration of H.B. 318, H.D. 1 provides an efficient and effective opportunity for the Stadium Authority to capitalize on long-term sponsorships and naming rights opportunities that normally provide greater compensation with little to no cost and capital outlay by the Authority.

Thank you for the opportunity to testify on this matter.

DEPARTMENT OF PARKS AND RECREATION
CITY AND COUNTY OF HONOLULU

1000 ULUOHIA STREET, SUITE 309 • KAPOLEI, HAWAII 96707
Phone: (808) 768-3003 • FAX: 768-3053 • Internet: www.co.honolulu.hi.us

KIRK CALDWELL
MAYOR



MICHELE K. NEKOTA
DIRECTOR

THE SENATE
THE TWENTY-EIGHT LEGISLATURE
REGULAR SESSION 2015

COMMITTEE ON GOVERNMENT OPERATIONS
Representative Donovan M. Dela Cruz, Chair
Representative Clarence K. Nishihara, Vice Chair
Members of the Committee

H.B.318, H.D. 1: RELATING TO GOVERNMENT BUILDINGS.
Thursday, March 19, 2015, at 1:30 p.m.
State Capitol, Conference Room 414

In Support of House Bill 318, H.D. 1, "RELATING TO GOVERNMENT BUILDINGS"

Dear Chair Donovan M. Dela Cruz, Vice Chair Clarence K. Nishihara, and Members of the Committee:

The Department of Parks and Recreation supports H.B. 318, H.D. 1, "Relating to Government Buildings", which exempts the county for the naming rights of county buildings from the sealed bid process and the fifteen-year limitation on concession contracts,

In the age of abundant private wealth and a constrained public sector, naming rights for park facilities and quality concessions are funding a golden age for signature iconic parks. For the first time in 100 years, cities are investing record sums of money in building iconic parks - NYC Central Park, The High Line, Bryant Park, Brooklyn Bridge Park, Chicago Millennium Park, Houston Discovery Green, Dallas Klyde Warren Park, St Louis City Garden, and Louisville Waterfront Park. Allowing long concession contracts allows for quality concessions to dramatically improve facilities and realize a fair return on capital investment in a county facility.

These iconic parks revitalize & redefine communities, spur economic development, attract knowledge workers of the "new economy", build safer neighborhoods, incorporate green infrastructure, improve public health and become the place for the cultural expression of the city. These parks become their city's brand and have spurred billions in economic impacts.

H.B. 318, H.D. 1 provides the county the tools to build better parks and maintain them well. For example, if a park baseball field needed a new \$50,000 scoreboard, a sponsor could be secured for the procurement, installation and maintenance. The sponsor would receive recognition by having the scoreboard named after them. The city will ensure there is adequate public involvement and that it is open, inclusive and transparent. Lastly, under no circumstances would the city seek sponsorship that would change the names of city parks.

Mahalo for the opportunity to testify on this bill.

Sincerely,

Michele K. Nekota
Director, Department of Parks and Recreation



AIRPORT CONCESSIONAIRES COMMITTEE

Honorable Donovan M. Dela Cruz, Chair
Committee on Government Operations
Hawaii State Senate
State Capitol Building
Honolulu, HI 96813
Room: 414

Hearing: March 19, 2015 at 1:30 p.m.

Re: HB 318, HD1 – Relating to Government Buildings

Dear Chairman Dela Cruz and Honorable Committee Members:

My name is Peter Fithian and I am the Legislative Chairman with the Airports Concessionaires Committee. Our Committee represents the majority of concessions located at our public airports. Airport concessions contribute about 50% of the revenues generated to support operations at our Hawaii public airports.

We have no objections to this bill with amendments as set forth in our attached proposed S.D.1 for your consideration.

It is our understanding that these amendments should meet the purpose and intent of the bill's proponents. The bill as presently worded is simply too broad and in our opinion not in keeping with the purpose and intent of this section of the Hawaii Revised Statutes which is to provide narrow and justified exceptions to Hawaii's laws.

We thank you for allowing us to testify on this bill.

A BILL FOR AN ACT

RELATING TO GOVERNMENT BUILDINGS.

> *** CHANGES NOTED: by ~~striketroughs~~ and **bold lettering** <

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Section 102-2, Hawaii Revised Statutes, is amended to read as follows:

"§102-2 Contracts for concessions; bid required, exception. (a) Except as otherwise specifically provided by law, no concession or concession space shall be leased, let, licensed, rented out, or otherwise disposed of either by contract, lease, license, permit or any other arrangement, except under contract let after public notice for sealed bids in the manner provided by law; provided that the duration of the grant of the concession or concession space shall be related to the investment required but in no event to exceed fifteen years; provided further that and subject to approval by county council resolution, the fifteen-year limit shall not apply to nonprofit corporations organized pursuant to chapter 414D.

(b) The bidding requirements of subsection (a) shall not apply to concessions or space on public property set aside for the following purposes:

- (1) For operation of ground transportation services and parking lot operations at airports, except for motor vehicle rental operations under chapter 437D;
- (2) For lei vendors;
- (3) For airline and aircraft operations;
- (4) For automated teller machines and vending machines, except vending machines located at public schools operated by blind or visually handicapped persons in accordance with section 302A-412;
- (5) For operation of concessions set aside without any charge;
- (6) For operation of concessions by handicapped or blind persons; except concessions operated in the public schools by blind or visually handicapped persons in accordance with section 302A-412;
- (7) For operation of concessions on permits revocable on notice of thirty days or less; provided that no such permits shall be issued for more than a one year period;
- (8) For operation of concessions or concession spaces for a beach service association dedicated to the

preservation of the Hawaii beach boy tradition,
incorporated as a nonprofit corporation in accordance
with state law, and whose members are appropriately
licensed or certified as required by law;

- (9) For operation of concessions at county zoos, botanic
gardens, or other county parks which are
environmentally, culturally, historically, or
operationally unique and are supported, by nonprofit
corporations incorporated in accordance with state law
solely for purposes of supporting county aims and
goals of the zoo, botanic garden, or other county
park, and operating under agreement with the
appropriate agency solely for such purposes, aims, and
goals;
- (10) For operation of concessions that furnish goods or
services for which there is only one source, as
determined by the head of the awarding government
agency in writing that shall be included in the
contract file;
- (11) For any of the operations of the Hawaii health systems
corporation and its regional system boards;
- (12) For airport operation of concessions providing
electronic communication services;

- (13) For airport operation of concessions consisting solely of advertising;
- (14) For the stadium authority operation of concessions providing electronic communication services; and
- (15) For the stadium authority operation of concessions consisting solely of advertising.

(c) The bidding requirements of subsection (a) shall not apply to any nonrenewable dispositions granting rights for a period not in excess of fourteen days.

(d) The bidding requirements and fifteen year limit in subsection (a) shall not apply to concessions or space on public property set aside for sponsorship or any type of disposition or granting of naming rights to anyone to place one or more names on buildings owned by the ef state and/or county buildings."

SECTION 2. New statutory material is underscored.

SECTION 3. This Act shall take effect on July 1, 2030
2015.

Report Title:

Naming Rights; Sponsorship; State Buildings; Facilities

Description:

Exempts contracts for the naming rights of State buildings from the sealed bid process and the fifteen year limitation on concession contracts. (HB318 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.